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SENATE BILL 2300

By Henry

AN ACT to amend Tennessee Code Annotated, Title 67, relative to taxation.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 3, is amended by adding the following new section:

Section ____ (a) There is exempt from the tax levied by this chapter:

(1) Any sale or use of any article manufactured of the products of this State exempt from taxation pursuant to Section 30 of Article II of the Constitution of Tennessee; and

(2) Any sale or use which would otherwise be taxable pursuant to the provisions of this chapter but which would impose a tax which is invalid either under the commerce clause or the due process clause of the Constitution of the United States.

(b) Except as provided in subsection (a), it is the legislative intent to tax at a rate of one percent (1%) all sales previously exempted under this chapter, including the sale of services not previously taxed or specifically exempted.

SECTION 2. Tennessee Code Annotated, Section 67-6-209(e), (f), and (g), 67-6-302(a) and (b), 67-6-303(a)(1) and (b), 67-6-304, 67-6-305, 67-6-306, 67-6-307, 67-6-309(a), 67-6-310, 67-6-311, 67-6-312, 67-6-313(b), (c), (d), (e), (g)(1), (h), (i), and (j), 67-6-314, 67-6-317, 67-6-318, 67-6-319(a) and (b), 67-6-320(a), (b), and (c), 67-6-321(a) and (b), 67-6-324, 67-6-325, 67-6-326, 67-6-327, 67-6-328, 67-6-331(a), 67-6-332, 67-6-334(a), 67-6-336, 67-6-338(a), 67-6-343, 67-6-345, 67-6-347, 67-6-349, 67-6-350(a), 67-6-353, 67-6-354, and 67-6-356, are amended by deleting the introductory language “There is exempt from the tax imposed by this section”, “There is exempt from the tax imposed by this section or any other provision of this chapter”, “There is exempt from the tax imposed by this chapter”, “There is also exempt from the tax imposed by this chapter”, “There is exempt from the sales and use tax”, “There is exempt from the sales tax imposed by this chapter”, “There is exempt from the sales tax”, “There is exempt from the provisions of this chapter”, “There is exempt from the taxes imposed by this chapter”, “There is exempt from the tax levied by this chapter”, “There is exempt from the sales and use tax imposed by this chapter”, “There shall also be exempted from the sales and use tax imposed by this chapter”, or any similar language granting an exemption from the Tennessee sales and use tax, including punctuation as appropriate, and by substituting the language, “There shall be a tax of one percent (1%) under this chapter on”.

SECTION 3. Tennessee Code Annotated, Section 67-6-301, is amended by adding the following new subsection:

(d) There shall be a tax of one percent (1%) under this chapter on any sales covered by the provisions of this section which are not constitutionally protected.

SECTION 4. Tennessee Code Annotated, Section 67-6-316(a), is amended by deleting the language “and the tax imposed under this chapter is not applicable to” and substituting the language “but a tax of one percent (1%) under this chapter shall apply to”.

SECTION 5. Tennessee Code Annotated, Section 67-6-316(c), is amended by deleting the language “exempt from sales or use tax”, and substituting the language “a tax of one percent (1%) under this chapter on”.

SECTION 6. Tennessee Code Annotated, Section 67-6-322(a), is amended by deleting the language “sold,”; subsection (d) is amended by deleting the language “sales,”; and subsection (e) is amended by deleting the language “sell,” and all language after the first sentence.

SECTION 7. Tennessee Code Annotated, Section 67-6-322, is further amended by adding a new subsection, as follows:

(i) All sales to entities referenced in this section shall be subject to a tax of one percent (1%) under this chapter.

SECTION 8. Tennessee Code Annotated, Section 67-6-329(a), is amended by deleting the language “is specifically exempted from the tax imposed by this chapter” and substituting the language “shall be subject to a tax of one percent (1%) under this chapter”.

SECTION 9. Tennessee Code Annotated, Section 67-6-330(a), is amended by deleting the language “There is exempt from the sales tax upon admission, dues or fees imposed by §67-6-212”, and substituting the language “There shall be a tax of one percent (1%) under this chapter on:”; and by deleting in their entirety subsections (b) and (c).

SECTION 10. Tennessee Code Annotated, Section 67-6-333, is amended by deleting the language “are exempt from the tax imposed by this chapter”, and substituting “shall be subject to a tax of one percent (1%) under this chapter”.

SECTION 11. Tennessee Code Annotated, Section 67-6-335, is amended by deleting the language “and the tax imposed by this chapter shall not be applicable to”, and substituting the language “but there shall be a tax of one percent (1%) under this chapter on”.

SECTION 12. Tennessee Code Annotated, Section 67-6-339(a), is amended by deleting the language “The tax imposed by this chapter does not apply to”, and substituting the language “There shall be a tax of one percent (1%) under this chapter on”.

SECTION 13. Tennessee Code Annotated, Section 67-6-342(a) and (b), are amended by deleting the language “are exempt from the tax imposed by this chapter”, and substituting the language “are subject to a tax of one percent (1%) under this chapter”.

SECTION 14. Tennessee Code Annotated, Section 67-6-334(a), is amended by deleting the language “The tax imposed by this chapter does not apply to”, and substituting the language “There shall be a tax of one percent (1%) under this chapter on”.

SECTION 15. Tennessee Code Annotated, Section 67-6-348(a), is amended by deleting the language “There is exempt from the provisions of this chapter”, and substituting the language “There shall be a tax of one percent (1%) under this chapter on”; and by deleting in their entirety subsections (b) through (e).

SECTION 16. Tennessee Code Annotated, Section 67-6-350, is amended by deleting subsection (b) in its entirety.

SECTION 17. Tennessee Code Annotated, Section 67-6-340, 67-6-346, 67-6-351, 67-6-352, and 67-6-355, are deleted in their entirety.

SECTION 18. Tennessee Code Annotated, Section 67-6-102(9), is amended by deleting from the first sentence the language “the retail price of which, for any such single article, exceeds two hundred fifty dollars (\$250),” and by deleting from the fourth sentence the language “, the retail price of which exceeds two hundred fifty dollars (\$250)”.

SECTION 19. Tennessee Code Annotated, Section 67-6-102(13)(B), is amended by deleting the language “, the cost of which, for any such single article, exceeds one thousand dollars (\$1,000),”.

SECTION 20. Tennessee Code Annotated, Section 67-6-102(24)(D), is amended by deleting the language “and each sale is in excess of five hundred dollars (\$500)” and the language “for sales in excess of five hundred dollars (\$500)”.

SECTION 21. Tennessee Code Annotated, Section 67-6-207, is amended by deleting the section and substituting the following:

Section 67-6-207. There shall be a tax of one percent (1%) under this chapter on sale, lease, rental, or repair of farm equipment and machinery.

SECTION 22. Tennessee Code Annotated, Section 67-6-224(a)(1), is amended by deleting the language “one-half percent (.5%)” and substituting the language “one percent (1%)”.

SECTION 23. Tennessee Code Annotated, Section 67-6-201, is amended by adding the following new subdivision:

(___) Provides or engages in one (1) or more of the following services:

- (A) Accounting and auditing;
- (B) Amusements;
- (C) Business services:
 - (i) Advertising,
 - (ii) Building services,
 - (iii) Computer and data processing,
 - (iv) Credit report and collection,
 - (v) Detective and protective services
 - (vi) Finance – Securities Brokers,
 - (vii) Insurance agents,
 - (viii) Mail, art reproduction and steno,
 - (ix) Management consulting or public relations,
 - (x) Personnel supply,

- (xi) Real estate agents, and
 - (xii) Other;
- (D) Construction services;
- (E) Education, for-profit and nonprofit;
- (F) Energy:
 - (i) Manufacturing, and
 - (ii) Residential;
- (G) Engineers, architectural, surveying;
- (H) Gasoline and diesel fuel;
- (I) Government contracts;
- (J) Industrial and farm machinery;
- (K) Legal services;
- (L) Newspapers and publications;
- (M) Non profit:
 - (i) Health services,
 - (ii) Amusements/member organizations,
 - (iii) Social services, and
 - (iv) Other research, testing, consulting;
- (N) Nursing and personal care facilities;
- (O) Other health services;
- (P) Personal services:
 - (i) Beauty and barber shops,
 - (ii) Coin-operated laundry,
 - (iii) Funeral,
 - (iv) Veterinary and landscape,
 - (v) Other;

(Q) Physicians, dentists, etc.;

(R) Social and other services (day care, etc.); and

(S) Transportation services.

SECTION 24. Tennessee Code Annotated, Section 67-6-202, is amended by adding a new subsection, as follows:

(c) Notwithstanding the provisions of subsection (a), services enumerated in Section 23 of this act shall be taxed at the rate of one percent (1%).

SECTION 25. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 26. For the purpose of promulgating any necessary rules, regulations or other materials, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, it shall take effect July 1, 2000, the public welfare requiring it.